

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In Re:	:	
	:	
CIRCUIT CITY STORES, INC., <u>et al.</u>	:	Case No. 08-35653 (KRH)
	:	
	:	Chapter 11
	:	
Debtors	:	Jointly Administered
	:	

**RESPONSE OF PRINCE GEORGE’S COUNTY, MARYLAND TO DEBTORS’
THIRTY-SEVENTH OMNIBUS OBJECTION TO CLAIMS
(REDUCTION OF CERTAIN PERSONAL PROPERTY TAX CLAIMS)**

Prince George’s County, Maryland (the “County”), by and through undersigned counsel, pursuant to Local Rule 3007-1 responds to Debtors’ Thirty-Seventh Omnibus Objection to its claim as follows.

1. On June 19, 2009, the County timely filed herein an estimated administrative claim for fiscal year 2010 business personal property taxes for account number 3987575 in the amount of \$19,565.27 (hereinafter, “Claim No. 13465”) against debtor, Circuit City Stores, Inc. (“Debtor”). Claim No. 13465 pertains specifically to fiscal year 2010 personal property taxes related to Debtor’s former store located at 2900 Belcrest Center Drive, Hyattsville (District 16) in Prince George’s County, Maryland.

2. The Debtors’ have filed an objection to Claim No. 13465 asserting that it is overstated in its amount given the value of the personal property that is subject to the personal property taxes. Specifically, the Debtors are asserting that the fiscal year 2010

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personal property taxes for this account should be reduced from \$19,565.27 as set forth in Claim No. 13465 to \$1,140.23, a reduction of over 94%.

3. The Debtors purport to have determined this reduced tax amount based upon the value of the taxable furniture, fixtures, equipment and leasehold improvements which were on the subject property utilizing representative models of the property's site configuration and a detailed list of assets as inventoried by the Debtors. None of the documentation referenced in support of the Debtors' position has been attached to the Objection or otherwise provided to the County.

4. Claim No. 13465 was estimated by the County based upon the Debtor's prior fiscal year 2009 personal property tax bill, which was itself based upon the Debtors' calendar year 2008 personal property tax return filed by the Debtors on April 15, 2008. Based upon the 2008 return filed by the Debtor, the assessment generated for calendar year 2008 for this location was \$676,180.00. This assessment for calendar year 2008 was never challenged by the Debtor.

5. It was necessary for the County to estimate its claim for these fiscal year 2010 personal property taxes since as of the date Claim No. 13465 was filed (June 17, 2009), the 2009 assessment had not yet been rendered by the Maryland Department of Assessments and Taxation ("SDAT") and accordingly, no corresponding bill had been generated by the County.

6. On September 14, 2009, based upon the Debtor's own information reported in its calendar year 2009 personal property tax return filed on April 15, 2009, the SDAT rendered an actual calendar year 2009 assessment for this particular location in the amount of \$581,250.00. Multiplying this by the applicable tax rate for this district

yields an actual Fiscal year 2010 tax bill in the amount of \$16,835.91. The County will agree to amend down Claim No. 13465 to match this amount.

7. Based upon the Debtors' Objection, and dividing by the applicable tax rate for the subject district (District16 - Hyattsville), the Debtors appear to be taking the position that the total value of the taxable furniture, fixtures, equipment and leasehold improvements at this location was only \$39,365.79 as of January 1, 2009. Again, no documentation has ever been provided to the County in support of this assertion.

8. This assertion is particularly ridiculous when one considers that this specific Circuit City location had its grand opening in the middle of 2007. This was a new store in a new shopping center, not just a remodel. According to the calendar year 2008 personal property tax return filed by the Debtor with the SDAT on April 15, 2008 (the first filing for this location), as of January 1, 2008, the Debtor reported holding furniture, fixtures, equipment and leasehold improvements (hereinafter, "Collateral") at this location totaling \$676,180.00. One year later, on April 15, 2009, the Debtor filed its calendar year 2009 personal property tax return reporting Collateral at this location as of January 1, 2009 in the amount of \$581,250.00.

9. Comparing the two returns filed by the Debtor, there appears to be a reduction between the 2008 assessment and the 2009 assessment of approximately 14%, which is in line with customary rates of depreciation for these types of assets. Now, without any substantive documentation, the Court is expected to rule that the value of the collateral dropped by 94% between January 1, 2008 and January 1, 2009. Moreover, the claimed reduction from the value reported by its verified return filed in

April of this year is in the range of 93%. The Debtors have provided no justification for this.

10. The County will stipulate that Claim No. 13465 can be reduced from the estimated amount (\$19,565.67) to \$16,835.91 to reflect the actual 2009 assessment.

WHEREFORE, Prince George's County respectfully prays that this Court:

1. Deny Debtors' Thirty Seventh Omnibus Objection To Claims as it pertains to Claim No. 13465 – Prince George's County, Maryland; and
2. Grant such other and further relief as this Court deems appropriate.

Respectfully submitted,

MEYERS, RODBELL & ROSENBAUM, P.A.

By: /s/ Brett Christopher Beehler

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CERTIFICATE OF SERVICE

I Brett C. Beehler, hereby certify that a true and correct copy of the foregoing RESPONSE OF PRINCE GEORGE'S COUNTY, MARYLAND TO DEBTORS' THIRTY-SEVENTH OMNIBUS OBJECTION TO CLAIMS (REDUCTION OF CERTAIN PERSONAL PROPERTY TAX CLAIMS) was served by electronic means on the "2002" and "Core" lists and through ECF system which in turn will generate an electronic notice of filing to all parties registered to receive electronic notice from the Courts and was served via U.S. Mail upon the parties listed below on this 22nd day of September, 2009.

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